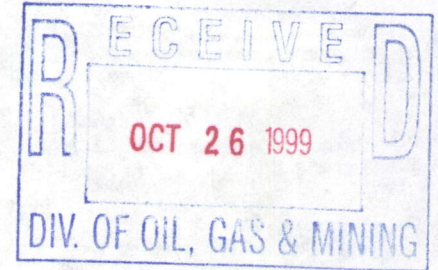




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



IN REPLY REFER TO
3809
(UT-932-OA)

October 22, 1999

Mr. Wayne Hedberg
Division of Oil, Gas and Mining
Department of Natural Resources
P. O. Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Hedberg:

This letter is in reference to American Stone reclamation bond, Permit Number M/003/026. The Certificate of Deposit has been reviewed by this office. The following are comments and concerns of the Bureau of Land Management (BLM):

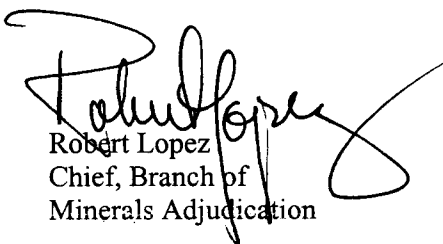
1. The Certificate of Deposit should state, "The Secretary of the Interior (BLM) and DOGM must approve the redemption of the CD by any party." Allison Knudson of First Security Bank said that either the bank or our offices could type it on the certificate. If the certificate is not required to make a withdrawal, it would be wise to have this statement typed on the signature card.
2. On the cover letter addressed to First Security Bank or a different document, there should be statement that the Bank acknowledges and accepts the agreement between American Stone, DOGM, and BLM.
3. Since the Certificate of Deposit is issued to BLM and DOGM, does American Stone need to be on the signature card? The signature cards shows that there are "3" signatures required. If possible the signature card should be changed to show that two signatures--BLM's and DOGM's are required.

The reclamation bond will satisfy the BLM bond requirement once the statement at 1. above has been added to the certificate of deposit and the First Security bank acknowledges and accepts the agreement between American Stone, DOGM and BLM. As to comment 3. above, it would be wise to change

signatures required to "2" if you believe Mr. Lon Thomas will not sign for the withdrawal if DOGM and BLM calls for the funds or if the bank will not allow DOGM and BLM to redeem the certificate of deposit without Mr. Thomas' signature.

The BLM Salt Lake Field Office has not notified this office that American Stone needs a reclamation bond. Therefore, DOGM may accept the subject reclamation bond at this time. If you have any questions, please call Opolonia Abeyta at (801)539-4123.

Sincerely,



Robert Lopez
Chief, Branch of
Minerals Adjudication

cc: Terry Snyder

Wayne - here is a copy of
the previous notes.
(informal) O.P.
9/3/99

Wayne Hedberg, UT DOGM:

Here are the notes for the American Stone Certificate of Deposit. I called 1st Security and talked to someone that works with Allison. I asked to talk to Allison's supervisor or to make sure Allison gives me a call because I have been waiting for her to return my call since Tuesday. Hopefully this time she will call me.

Notes:

1. CD must be issued to Utah Department of Natural Resources-Division of Oil, Gas & Mining and the U.S. Department of Interior-Bureau of Land Management

Abbreviation: Utah DNR-DOGM and USDOI-BLM

1ST Security Bank can type this abbreviation on the CD.

On the current CD it shows "AS BENEFICIARY" after "BLM". Allison said it was a mistake and it will be removed.

2. The CD must indicate on the face of CD:

"The Secretary of the Interior must approve the redemption of the CD by any party."

The bank will type this on the face of the CD. Modified to include DOGM.

3. Lon Thomas cannot sign the withdrawal slip in advance. The Signature Card has all the signatures for DOGM, BLM, and American Stone. The withdrawal slip is a separate document and is completed when the funds are withdrawn. All three signatures are required to withdraw funds.

Bank can accept the assignment form with Lon Thomas signature. Bank attorney is reviewing the assignment and bank agreement forms.

4. The signature card for the BLM: will have "Robert Lopez" as the Authorized Officer. Only his name will appear on the CD. Bank said "Authorized Officer" can be typed on after. Prefer Bank type it on.

5. It must be clear that the deposit is for the sole and exclusive use of the Department of Interior- BLM and the Utah DNR-DOGM.

The financial institution must agree to not use the deposit to off-set any monetary default of the Obligor.

Bank is reviewing offset form. Allison said all three signatures are required, but is not sure if bank will collect funds that are owed to them first, will have attorney review form.

OS.